

# Audit's<sup>®</sup> NEWS ANALYSIS OF SECURITIES OF REAL ESTATE INVESTMENT TRUSTS

# Realty Trust Review

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## INVESTMENT OUTLOOK: REIT SHARES DIP 3% AS DOW INDUSTRIALS FALL 6%

The stock market has fallen to lows not seen in two years amid mounting concern over continued boosts in the prime and other short-term interest rates and depressed profits in some basic industries like steel. A month ago we warned that REITs were now vulnerable to price weakness from the interest rate picture, and shares fell 3% on average for the month. This was half the 6% drop in the Dow-Jones Industrials.

Even with this fall-back, REIT shares still have a 28½% price advantage over the Dow this year (i.e., shares are up 8½% while the Dow blue-chips have dropped 20%). And dividend-paying trusts also pay about 3% more than the Dow. We're constantly asked where the best values are in this market, and where the likeliest weak spots are. You get some clues from market action in recent days:

Northwestern Mutual Life Mtg. hit a new 1977 low despite a gain in earnings, albeit aided by capital gains, likely on disappointment on a level dividend and fear of interest rises. NML, like Equitable, has placed intermediate-term debt to blunt some impact of interest swings (see p. 8).

Recovering cheaper trusts like UMET Trust and Mortgage Trust of America have moved decisively to new 1977 highs as the visibility of their recovery improves and

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*REIT EVALUATIONS publishes comprehensive two-page reviews of 12 trusts:*

<i>NJB Prime Inv.</i>	<i>Riviere Realty</i>	<i>U.S. Bancorp R&amp;M</i>	<i>Virginia REIT</i>
<i>Plaza Realty</i>	<i>Security Mtg.</i>	<i>U.S. Realty Inv.</i>	<i>Walter Realty Inv.</i>
<i>Prop. Trust Amer.</i>	<i>Sutro Mtg. Inv.</i>		
<i>Realty ReFund Tr.</i>	<i>UMET Trust</i>		

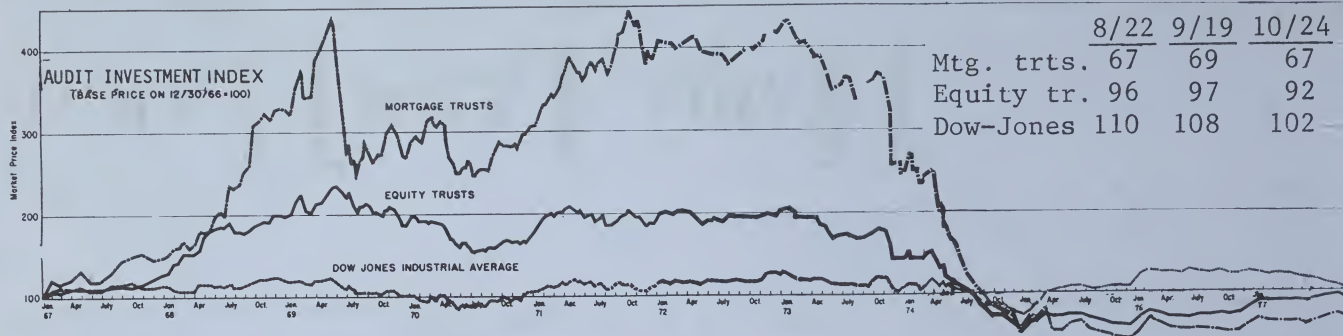
*Price: \$15 for each, \$18 for the group of 12*

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GROUP RATES ON REQUEST



for UMET, possibility of recapturing some previously accrued interest becomes real (see p. 8). Both are paying full interest on their bank debt so the quality of their losses, if you will, is much better than improvement for other trusts benefitting from low interest rates in the 2%-4% range. Better, there's no contingent interest hanging over the shares.

Are the solid equity trusts a buy in here? We think there's a good case for accumulating shares of good quality trusts like Washington REIT, General Growth Properties, First Union Real Estate, Hubbard Real Estate and others on dips caused solely by the fact that higher interest rates reduce the capitalized value of their dividends. The last recession hurt earnings of these trusts not at all, save for Hubbard, and we don't see anything like a repeat on the horizon. Thus they start looking like buys for longer term investors willing to establish positions over the interest rate cycle. They are for conservative investors seeking income mainly. The lower priced recovery situations are frankly speculations for more aggressive investors.

#### NONEARNING INVESTMENTS ARE OFF 4.6% IN THE MONTH, BIGGEST ONE MONTH FALL YET

Non- and low-earning investments dropped 4.6% last month, reflecting continued impact of asset exchanges with banks. Our tally:

----Invested assets----			% Non and low earning	Month % change
Group	Number	Non/Low earn. Total		
Short-term mortgage...	58	\$5,818M \$ 7,653M	76%	-4.7%
Inter. & long-term....	27	1,449 3,513	41	-5.3
Equity & combination..	46	890 3,314	27	-3.4
TOTALS/AVERAGES...	131	\$8,157M \$14,480M	56%	-4.6%

#### EARNINGS TRENDS: OPERATING LOSS WIDENS A BIT FOR 43 TRUSTS BUT SWAP GAINS HELP

The operating loss increased by 4% for 43 trusts reporting earnings during the month, indicating some slowing in the overall real estate recovery. However continued strong gains from exchanges of assets with banks plus larger capital gains pushed 27 trusts into the black during their latest quarters, vs. 24 and 17 profitable trusts in the previous and year-ago quarters. And 20 reporting trusts had operating profits in the latest quarter, up from 17 a year ago. Our tally of results for these 43 reporting trusts, generally covering quarters ending in August and September, in millions of dollars, shows:

	Latest qtr.	Prev.qtr.	Year-ago	--% Change from-- Prev.qtr.	Yr.ago
Operating income (loss) after prov.	\$(21.2)	\$(20.4)	\$(55.7)	+ 4%	-62%
Extra items: Capital gains.....	2.5	0.4	--	+536	NC
Gain on swaps & debt retirement.	31.1	36.4	6.4	-15	+386
Net oper. loss use, other.....	(1.4)	0.5	--	NC	NC
Net extraordinary items.....	32.2	37.3	6.4	-14	+400
NET INCOME (LOSS).....	\$11.0M	\$16.9M	\$(49.2)M	-35%	NC

NC-Not calculated, loss in one quarter.

(Continued on p. 7)



## DIVIDEND TRENDS: SEVEN INCREASES IN OCTOBER CLOUDED BY TWO REDUCTIONS

Seven trusts increased their quarterly rates in October and two declared extras. While this did not offset the magnitude of big cuts by Baird & Warner and Riviere, the overall trend remained very healthy. Most significant were hikes by Sutro indicating a restored earnings base, Lomas & Nettleton and San Francisco which looks for further boosts in 1978 as more problems are cleared up. Also notable were continued boosts by PNB Mortgage, now at twice its year-ago level, and United Realty benefiting from its seventh straight quarterly earnings increase. Baird & Warner's cut is really a delayed reaction as it paid its last four quarterlies from the previous year's taxable income.

	Up	Same	Down	Total	%Change
Oct.	7	12	2	21	- 1%
Year	33	99	10	142	--
-----From previous year-----					
Oct.	7	8	6	21	+ 1%
Year	63	62	17	142	--

Trust	Record date	--Dividend/share-- Latest	Previous	--Net Amt. \$--	Change-- Percent	Special	Year Ago	% Change
Baird & Warner Mtg.	10/7	\$0.035	\$0.24	-\$0.205	-85	--	\$0.24	-85
Baird & Warner Mtg.	11/10	0.035	0.035	--	NC	--	0.24	-85
Baird & Warner Mtg.	2/10	0.035	0.035	--	NC	--	0.24	-85
Baird & Warner Mtg.	5/12	0.035	0.035	--	NC	--	0.24	-85
Commonwealth Rlty.	11/15	0.20	0.20	--	NC	--	0.20	NC
Connecticut Gen. M.	10/28	0.40	0.40	--	NC	--	0.40	NC
Consol. Cap. Rlty.	10/17	0.17M	0.17	--	NC	--	0.1684	+1
Equitable Lf M&R	10/14	0.55	0.55	--	NC	--	0.50	+10
GREIT Realty	10/17	0.10	0.10	--	NC	--	0.10	NC
Hospital Mtg. Co.	10/14	0.15	0.15	--	NC	--	0.15	NC
Hotel Investors	10/17	0.42	0.40	+0.02	+5	--	0.35	+20
JMB Realty	10/14	0.40	0.40	--	NC	10ext.	0.40	NC
Lomas & Nett. Mtg.	10/21	0.40	0.35	+0.05	+14	--	0.21	+90
M&T Mtg. Inv.	10/4	0.26	0.26	--	NC	04ext.	0.26+	01 NC
New Plan Realty	10/14	0.08M	0.08	--	NC	--	0.075	+7
Northwest. Mut. Mt.	10/21	0.25	0.25	--	NC	--	0.25	NC
PNB Mtg. & Rlty.	10/31	0.20	0.18	+0.02	+11	--	0.10	+100
Pacific-Southern M.	11/14	0.15	0.12	+0.03	+25	--	0.15	NC
REIT America	10/14	0.30	0.30	--	NC	--	0.35	-14
Riviere Realty Tr.	10/17	0.125	0.25	-0.125	-50	--	0.25	-50
San Francisco REI	11/4	0.20	0.15	+0.05	+33	--	0.00	--
Sutro Mortgage Inv.	11/4	0.20	0.125	+0.075	+60	--	0.00	--
United Realty Tr.	10/17	0.20	0.19	+0.01	+5	--	0.16	+25
TOTALS (21 Trusts)b		\$4.945	\$4.99	-\$0.045	-1%		\$4.91	+1%

b-Excludes monthly and special dividends. NC-No change. M-Monthly. Trusts with dividends reduced from previous quarter underlined.

## COMPARATIVE TRUST GROUP AVERAGE 10/24/77

GROUP	N	SHARE (000)	BOOK VALUE	ANN DIV*	EARN ANN*	LAST PRICE	-% CHNG MON AGO	FROM-- JAN 1	P/E RATIO	ANN* YIELD	% PR TO BK	RETURN ON BK	MARKET VALUE
EQUITY TRUSTS	20	2077	11.56	0.83	0.97	11.58	-1.5	9.9	11.9	7.1	0.2	8.4	576.2
EQUITY AND MORTGAGE COMBIN	23	1767	9.40	0.39	0.45	6.68	-5.1	19.9	14.7	5.9	-28.9	4.8	269.7
SUBORDINATED LAND TRUSTS	3	2689	11.65	0.40	0.60	6.54	-2.2	-11.3	10.9	6.1	-43.8	5.2	48.1
AVERAGE 3 EQUITY GROUPS	46	1962	10.48	0.58	0.68	8.80	-2.9	12.1	12.8	6.6	-16.0	6.6	894.0
SHORT-TERM MTG-MTG BANKER	16	2017	8.70	0.34	0.43	4.88	-1.6	1.4	11.3	7.1	-44.0	4.9	175.7
SHORT-TERM MTG-INDEPENDENT	18	3797	-0.84	0.00	0.24	1.07	-9.4	-6.0	4.5	0.0	-225.1	-27.6	45.9
SHORT-TERM MTG-COMCL BANK	16	2214	2.10	0.00	0.87	2.02	-9.6	1.4	2.3	0.0	-4.0	41.5	63.3
SHORT-TERM-MISC FNCL	8	2381	4.81	0.02	0.10	3.09	-2.6	9.4	30.9	0.6	-35.8	2.1	51.9
AVERAGE 4 SHORT-TERM GROUPS	58	2674	3.37	0.09	0.44	2.65	-4.5	1.6	6.0	3.7	-21.3	13.2	336.8
INTERMEDIATE-TERM MORTGAGE	6	3389	5.85	0.39	0.63	4.66	-3.9	10.0	7.5	8.4	-20.4	10.7	61.4
LONG-TERM MTG & EQUITIES	21	3030	11.51	0.54	0.54	7.64	-2.1	6.5	14.2	7.1	-33.6	4.7	632.3
AVERAGE LONG & INTERMEDIATE	27	3110	10.25	0.50	0.55	6.97	-2.3	7.0	12.5	7.3	-31.9	5.4	693.7
OVERALL AVERAGE	131	2513	7.29	0.35	0.55	5.70	-3.1	8.5	10.3	6.2	-21.7	7.6	1924.5
DOW-JONES INDUSTRIAL AVERAGE						97.18	802.32	-6.0	-20.1	8.3	5.6		

\*Latest quarter annualized

## STRAIGHT BONDS

ISSUER & DESC.	EX	INT.	MAT	MIL \$	PRICE	CHANGE	YIELD
ATICO MTG-C#	NY	6.75	'82	16.9	62.00	1	10
BT MTG INV-C	OC	5.75	'82	20.0	64.00	1	9
BARNETT MTG-C	OC	6.75	'91	17.3	20.00	-12	33
BARNETT MTG-CD	OC	8.50	'98	30.0	30.00	-3	28
BARNETT-MIN-CE	OC	8.25	'98	30.0	46.00	12	17
RAY COLONY PROP-C	NY	8.50	'81	23.0	71.00	0	12
CHASE MAN TR-A	NY	7.88	'78	36.7	93.03	-1	8
CHASE MAN TR-C	NY	7.50	'83	43.2	65.25	-5	11
CITIZENS MTG INV-B	OC	6.75	'78	30.0	37.00	-2	18
COLWELL MTG-B	OC	8.50	'80	20.0	30.00	-3	28
CONT TLL Rlty-B	OC	8.20	'80	25.0	34.00	4	24
COUSINS M&C-C	NY	7.63	'79	25.0	84.50	0	9
COUSINS M&C-C	NY	6.50	'82	30.0	39.50	-1	16
FIRST MTG INV-A	OC	6.75	'82	12.6	25.00	-7	27
FIRST MTG INV-B	OC	8.25	'77	23.5	52.00	-1	15
FIRST MTG INV-C	OC	8.75	'79	7.0	62.00	1	14
FIRST VIRGINIA-B	OC	8-12F	'80	5.0	52.00	0	15
FIRST VIRGINIA M	OC	4.00	'80	15.0	49.00	-1	8
CMR PROPERTIES-C	AS	7.70	'80	20.0	80.00	-0	9
CREAT AMER MONT-B	OC	7.75	'79	25.0	9.00	-24	VJ
CREAT AMER MONT-C	OC	8.75	'83	25.0	6.00	-33	VJ
GUARDIAN MTG-B	OC	7.50	'79	25.0	24.25	-3	30
GUARDIAN MTG-C#	OC	6.75	'86	8.6	18.00	-2	37
IDS REALTY-H	OC	---	---	169.8	40.00	0	NC

## STRAIGHT BONDS

ISSUER & DESC.	EX	INT.	MAT	MIL \$	PRICE	CHANGE	YIELD
INSTITNL INV-B	NY	7.88	'80	20.0	74.00	-3	10
JUSTICE MTG-B	OC	7.75	'79	9.6	35.00	0	22
LMI INVESTORS-C	NY	6.75	'82	9.2	56.88	-3	11
MIDLAND MTG-B	NY	8.00	'80	18.5	65.88	-1	12
MTG INV WASH-B	OC	8.50C	'80	15.0	57.00	3	15
NJB PRIME INV-C#	OC	7.00	'80	12.9	15.00	-6	46
NATIONWIDE RE-C	OC	7.00	'91	6.5	68.50	3	10
NO AMER MTG-C	NY	5.50	'79	27.8	84.25	-3	6
SAUL (B.F.)-C	NY	8.50	'80	25.0	86.38	-3	9
STATE MUT INV-B	OC	9.00	'80	6.5	78.00	30	11
SECURITY MTG-C#	AS	7.25	'82	50.0	84.00	0	8
SECURITY MTG-C#	OC	6.00	'82	17.1	67.00	0	9
TRI-SOUTH MTG-B	OC	7.75	'80	25.0	40.00	-9	19

DESCRIPTION: A-SENIOR; B-SENIOR SUBORDINATE; C-SUBORDINATE OR JUNIOR SUBORDINATE. D-CONVERTIBLE AT \$39 TILL 9/1/78 WHEN PRICE MAY BE ADJUSTED. E-CONVERTIBLE AT \$31 TILL 12/1/78 WHEN PRICE WILL BE ADJUSTED. F-VARIABLE AT 1 1/2% OVER MONTHLY PRIME. G-VARIABLE RATE AT 1 1/4% OVER PRIME IN OCT. AND APRIL. H-FIVE SERIES, A-E: 6-7/8, 7-1/8, 7-3/8, TWO VARIABLE; 1987-94. VJ-BANKRUPTCY REORGANIZATION.

X-SUSPENDED BY EXCHANGE.

#-MAY BE USED AT PAR TO EXERCISE WARRANTS.

	EXCH/ SYMBOL	SHARE (000)	BOOK VALUE	ANN DIV*	-EARNINGS-- MON	LAST ANN*	PRICE	% CHANGE MON AGO	FROM- JAN 1	P/E RATIO	ANN* YIELD	% PR TO BK	RETURN ON BK	MKT VA (*ML\$)
EQUITY TRUSTS														
API TRUST	O-APIITS	1012	8.20	0.00	JUN	0.12	4.00	0.0	6.7	33.3	0.0	-51.2	1.5	4.0
C I REALTY #	N-CIX	2609	16.83	0.00	AUG	0.00	7.50	0.0	62.0	0.0	0.0	-55.4	0.0	19.6
CITIZENS GRO	O-CITGS	811	8.09	0.00	JAN	0.07	1.00	-20.0	-20.0	14.3	0.0	-87.6	0.9	0.8
CON ILL PROP#	N-CIE	4808	20.58	1.28	JUL	1.04	14.50 X	-2.8	-12.1	13.9	8.8	-29.5	5.1	69.7
CONSO CAP R#	O-CCPLS	1989	19.21	2.04	MAY	1.80	28.50 X	0.6	16.3	15.8	7.2	48.4	9.4	56.7
DENVER REI #	O-DENVS	1091	7.97	0.60	JUN	0.40	8.88	0.0	31.6	22.2	6.8	11.4	5.0	9.7
FEDERAL RLTY	A-FRT	1358	9.62	1.28	SEP	1.08	14.50 X	1.3	10.4	13.4	8.8	50.7	11.2	19.7
FIRST UNION#	N-FUR	4230	8.81	1.00	JUL	1.36	12.50 X	2.0	3.1	9.2	8.0	41.9	15.4	52.9
FLORIDA GLF#	O-FGLFS	975	15.17	1.28	JUL	1.40	13.50	-5.3	20.0	9.6	9.5	-11.0	9.2	13.2
FST FIDELTY#	O-FFITS	866	10.46	0.28	MAY	0.20	5.63	-6.2	87.7	28.2	5.0	-46.2	1.9	4.9
GENERAL GRO#	N-GGP	6202	6.34	1.48	JUN	1.44	21.75	-4.4	-2.2	15.1	6.8	243.1	22.7	134.9
GOULD INVST#	A-GTR	1174	6.91	0.60	JUN	0.88	6.88	-1.7	103.6	7.8	8.7	-0.4	12.7	8.1
GREIT RLTY #	A-GRT	998	10.99	0.40	APR	0.84	5.88 X	-11.4	-5.9	7.0	6.8	-46.5	7.6	5.9
HUBBARD REI	N-HRE	4004	22.10	1.24	JUL	1.44	16.50	-5.7	4.8	11.5	7.5	-25.3	6.5	66.1
NEW PLAN RL#	O-NPLNS	1690	2.96	0.96	APR	0.94	11.00 X	0.7	22.2	11.7	8.7	271.6	31.8	18.6
PENN REIT #	A-PEI	1516	11.96	1.15	MAY	1.80	14.38	-2.5	2.7	8.0	8.0	20.2	15.1	21.8
REIT OF AMER	A-REI	1633	21.05	1.20	AUG	1.16	14.50 X	-3.8	-9.4	12.5	8.3	-31.1	5.5	23.7
SUMMIT PROP#	O-SMMTS	1549	7.00	0.00	JUL	0.45	3.25	18.2	62.5	7.2	0.0	-53.6	6.4	5.0
WASH REIT #	A-WRE	1516	11.61	1.76	JUN	2.96	23.25	-4.1	-2.1	7.9	7.6	100.3	25.5	35.2
WISC REIT #	O-WREIS	1514	5.30	0.00	JUN	0.03	3.75	-14.4	150.0	125.0	0.0	-29.2	0.6	5.7
GROUP AVERAGE		2077	11.56	0.83		0.97	11.58	-1.5	9.9	11.9	7.1	0.2	8.4	576.2
EQUITY AND MORTGAGE COMBINATION TRUSTS														
AMER REALTY	O-ARB	2222	2.66	0.00	JUN	0.00	2.00	-20.0	217.5	0.0	0.0	-24.8	0.0	4.4
BANKAM RLTY	O-BRLTS	3547	15.30	0.60	JUL	0.68	10.75	-4.4	7.5	15.8	5.6	-29.7	4.4	38.1
BRT RLTY TR	A-BRT	1400	4.02	0.00	MAY	0.00	0.69	-26.6	-21.6	0.0	0.0	-82.8	0.0	1.0
FLATLEY RLTY	O-FLTLS	1000	6.81	0.00	JUN	0.16	3.00	-7.7	0.0	18.8	0.0	-55.9	2.3	3.0
FRANKLIN RLY	A-FR	999	7.44	0.00	JUN	0.32	5.00	-7.1	53.8	15.6	0.0	-32.8	4.3	5.0
HOTEL INVSTR#	A-HOT	1545	17.62	1.68	MAY	1.80	15.25 X	-2.1	20.7	8.5	11.0	-13.5	10.2	23.6
INDIANA M&R#	O-INDMS	1154	8.42	0.00	JUN	0.00	2.88	0.0	15.2	0.0	0.0	-65.8	0.0	3.3
INVESTOR RL#	A-IRT	1579	10.54	0.00	AUG	0.00	6.75	-20.6	50.0	0.0	0.0	-36.0	0.0	10.7
JMB REALTY #	O-JMBRS	510	18.70	1.70	MAY	2.08	16.50 X	9.7	22.2	7.9	10.3	-11.8	11.1	8.4
LINCOLN MTG*	O-LNMGS	1155	0.88	0.00	JUN	0.00	1.00	0.0	127.3	0.0	0.0	13.6	0.0	1.2
MILLER HEN S	O-HSMTS	560	16.83	0.60	AUG	0.60	10.25	2.5	36.7	17.1	5.9	-39.1	3.6	5.7
NJB PRIME	O-NJB	1330	-5.27	0.00	MAY	0.00	0.38	0.0	40.7	0.0	0.0	NEG.	0.0	0.5
PLAZA REALTY	O-PNE	1114	1.57	0.00	JUN	0.00	0.38	-49.3	-62.0	0.0	0.0	-75.8	0.0	0.4
PROP TRUST #	O-PTRAS	2506	7.50	0.20	JUN	0.25	5.13	-8.9	28.3	20.5	3.9	-31.6	3.3	12.9
RIVIERE RLY#	O-RIVI6	783	8.47	0.50	JUN	0.80	5.00 X	-41.4	-41.2	6.3	10.0	-41.0	9.4	3.9
RLTY INCOME	A-RTT	1566	11.83	1.40	JUL	0.40	12.88	-2.8	22.7	32.2	10.9	8.9	3.4	20.2
SAN FRAN RE#	A-SFI	1364	20.15	0.80	SEP	0.92	12.63	-2.8	14.8	13.7	6.3	-37.3	4.6	17.2
SAUL (BF)REI	N-BFS	5845	6.06	0.00	JUN	0.00	3.75	-14.4	-9.2	0.0	0.0	-38.1	0.0	21.9
US BANCORP #	A-UBT	840	16.49	0.00	AUG	0.74	10.13	5.2	26.6	13.7	0.0	-38.6	4.5	8.5
US REALTY #	N-UTY	3434	3.91	0.00	JUN	0.32	4.00	3.1	52.1	12.5	0.0	2.3	8.2	13.7
VIRGINIA RE#	O-VARES	1251	10.18	0.40	JUN	0.44	6.75	-12.9	3.8	15.3	5.9	-33.7	4.3	8.4
WALTER RLTY#	O-WALJS	1035	8.71	0.00	JUL	0.00	5.25	-10.7	61.5	0.0	0.0	-39.7	0.0	5.4
WELLS FAR ME	N-WFM	3911	17.36	1.20	SEP	0.94	13.38	-2.7	38.9	14.2	9.0	-22.9	5.4	52.3
GROUP AVERAGE		1767	9.40	0.39		0.45	6.68	-5.1	19.9	14.7	5.9	-28.9	4.8	269.7
SUBORDINATED LAND TRUSTS														
BAY COLONY P	N-BAY	2992	6.95	0.00	AUG	0.00	2.38	-17.4	-34.4	0.0	0.0	-65.8	0.0	7.1
ICM REALTY	A-ICM	3011	14.32	0.00	AUG	0.60	5.75	-8.0	-11.5	9.6	0.0	-59.8	4.2	17.3
PROPERTY CAP	A-PCL	2065	13.67	1.20	JUL	1.20	11.50	2.2	-4.2	9.6	10.4	-15.9	8.8	23.7
GROUP AVERAGE		2689	11.65	0.40		0.60	6.54	-2.2	-11.3	10.9	6.1	-43.8	5.2	48.1
SHORT-TERM MTG-MTG BANKER														
ATICO MTG INV	N-ACO	2706	5.68	0.00	JUL	0.00	2.13	6.5	-14.8	0.0	0.0	-62.5	0.0	5.8
BAIRD & WARNR	O-BAIDS	1043	16.64	0.14	JUL	0.28	6.00 X	-19.5	-11.1	21.4	2.3	-63.9	1.7	6.3
BARNES MTG I	O-BARNIS	1910	12.33	0.00	JUN	0.00	2.25	-10.0	5.6	0.0	0.0	-81.8	0.0	4.3
CENTRAL MTG	O-CMRTS	775	12.10	0.00	JUN	0.00	3.63	-9.2	21.0	0.0	0.0	-70.0	0.0	2.8
COLWELL MTG	O-CLM	2030	-1.67	0.00	JUN	0.00	0.50	-20.6	-73.4	0.0	0.0	NEG.	0.0	1.0
FIRST CONTNL	O-FCRES	2106	10.27	0.88	AUG	0.88	7.63 X	-6.3	-7.5	8.7	11.5	-25.7	8.6	16.1
FRASER MTG I	O-FRASS	1038	16.40	1.00	AUG	1.00	10.50 X	7.5	13.5	10.5	9.5	-36.0	6.1	10.9
HEITMAN MTG	A-HTM	3292	3.22	0.00	JUN	0.00	1.50	0.0	-14.3	0.0	0.0	-53.4	0.0	4.9
JUSTICE MTG	O-JMI	1184	0.54	0.00	JUN	1.08	0.66	-4.3	-72.3	0.6	0.0	22.2	200.0	0.8
KMC MTG IN	O-KMTGS	1100	1.89	0.00	MAY	0.00	1.00	-20.0	-11.5	0.0	0.0	-47.1	0.0	1.1
LOMAS & NTLN	N-LOM	3700	27.69	1.60	SEP	1.60	18.00 X	6.7	20.0	11.3	8.9	-35.0	5.8	66.6
M&T MTG INV	O-MTMIS	1482	10.26	1.08	AUG	1.08	10.38 X	2.9	13.7	9.6	10.4	1.2	10.5	15.4
MIDLAND MTG	N-MMT	2382	0.06	0.00	SEP	0.00	1.13	-30.7	-24.7	0.0	0.0	1783.3	0.0	2.7
NO AMER MTG	N-NAM	4403	10.22	0.00	JUN	0.00	3.75	-14.4	-23.2	0.0	0.0	-63.3	0.0	16.5
SUTRO MTG IN	N-SUT	2322	15.16	0.80	SEP	0.92	8.75	4.4	22.7	9.5	9.1	-42.3	6.1	20.3
TMC MTG INV	O-IMG	800	-1.54	0.00	JUN	0.04	0.19	0.0	-24.0	4.8	0.0	NEG.	-2.6	0.2
GROUP AVERAGE		2017	8.70	0.34		0.43	4.88	-1.6	1.4	11.3	7.1	-44.0	4.9	175.7

#NET CASH FLOW, SEE PAGE 6. \*GROSS CASH FLOW. NEG.-NEGATIVE BOOK VALUE. VJ-IN BANKRUPTCY REORGANIZATION. ARROWS DENOTE NEW EARNINGS OR DIVIDEND REPORTS AND DIRECTION. ZEROES INDICATE LOSS OR NO EARNINGS FOR QUARTER SHOWN. EXTRAORDINARY GAINS NOT ANNUALIZED. P-PHILADELPHIA EXCHANGE.



	EXCH/ SYMBOL	SHARE (000)	BOOK VALUE	ANN DIV*	-EARNINGS-- MON	LAST ANN*	PRICE	% CHANGE MON AGO	FROM- JAN 1	P/E RATIO	ANN* YIELD	% PR TO BK	RETURN ON BK	MKT VA (MIL\$)	
SHORT-TERM MTG-INDEPENDENT															
	BUILDERS INV	O-BULDS	2929	-2.46	0.00	JUN	0.69	0.94	16.0	147.4	1.4	0.0	NEG.	-28.0	2.8
	CAPITAL MI	P-CMU	1675	0.42	0.00	JUN	0.40	0.81	-28.3	-35.2	2.0	0.0	92.9	95.2	1.4
VJ	CONTNLT MTG	O-CMI	20838	-3.47	0.00	DEC	0.92	0.09	-25.0	200.0	0.1	0.0	NEG.	-26.5	1.9
VJ	DOMINION M&R	O-DMRTS	639	-10.10	0.00	MAY	0.00	0.13	-48.0	-27.8	0.0	0.0	NEG.	0.0	0.1
VJ	FIDELITY MI	O-FID	3046	-17.83	0.00	JUL	0.42	0.38	52.0	52.0	0.9	0.0	NEG.	-2.4	1.2
	FIRST MTG IN	O-FMTGS	8495	-6.35	0.00	JUL	0.17	0.38	22.6	52.0	2.2	0.0	NEG.	-2.7	3.2
VJ	GRT AMER M&I	O-GAA	4456	-11.84	0.00	APR	0.00	0.15	7.1	-51.6	0.0	0.0	NEG.	0.0	0.7
	GUARDIAN MI	O-GMI	3000	-12.32	0.00	AUG	0.00	0.31	-29.5	-77.5	0.0	0.0	NEG.	0.0	0.9
	HAMILTON INV	O-HAMTS	2095	5.43	0.00	JUN	0.00	1.38	-8.0	-8.0	0.0	0.0	-74.6	0.0	2.9
	INSTITUTIONAL	N-INV	6074	4.68	0.00	JUL	0.00	1.13	-24.7	-39.9	0.0	0.0	-75.9	0.0	6.9
	MISSION INV	A-MIT	1812	4.80	0.00	AUG	0.00	1.50	8.7	-8.0	0.0	0.0	-68.7	0.0	2.7
	MTG INV WASH	O-MINVS	2146	5.87	0.00	JUN	0.11	2.75	-8.3	10.0	25.0	0.0	-53.2	1.9	5.9
	NATIONAL MTG	O-NMF	3708	2.04	0.00	AUG	0.03	0.50	0.0	163.2	16.7	0.0	-75.5	1.5	1.9
	REPUBLIC MI	N-RMI	2107	4.88	0.00	JUN	0.00	1.63	-6.9	-18.5	0.0	0.0	-66.6	0.0	3.4
	TEXAS FST MT	O-TFMRS	1055	7.81	0.00	JUN	0.00	1.75	-26.5	-30.0	0.0	0.0	-77.6	0.0	1.8
	TIERCO	O-GSR	1161	4.36	0.00	JUN	0.68	1.00	-42.9	212.5	1.5	0.0	-77.1	15.6	1.2
	UMET TRUST	N-UAT	2109	1.91	0.00	AUG	0.00	2.38	58.7	5.8	0.0	0.0	24.6	0.0	5.0
	WESTERN MI	O-WMTGS	1002	6.82	0.00	AUG	0.82	2.00	-20.0	22.7	2.4	0.0	-70.7	12.0	2.0
GROUP AVERAGE			3797	-0.84	0.00		0.24	1.07	-9.4	-6.0	4.5	0.0	NEG.	-27.6	45.9
SHORT-TERM MTG-COMCL BANK															
	AMEP FLETCIR	A-AFM	1352	-1.15	0.00	JUL	0.00	0.94	-6.0	-50.0	0.0	0.0	NEG.	0.0	1.3
	BARNETT MTG	O-BMT	2174	-8.67	0.00	JUN	0.00	0.31	0.0	-38.0	0.0	0.0	NEG.	0.0	0.7
	CAMERON-BROWN	N-CB	2016	7.78	0.00	JUN	0.00	2.00	-6.1	14.3	0.0	0.0	-74.3	0.0	4.0
	CHASE MAN MT	N-CMR	4886	-1.56	0.00	MAY	11.42	1.75	-12.5	-44.1	0.2	0.0	NEG.	-732.1	8.6
	CITINATL DEV	O-CITIG	600	13.15	0.00	JUN	0.16	4.50	-18.2	56.3	28.1	0.0	-65.8	1.2	2.7
	CITIZENS MI	O-CZM	1421	-13.92	0.00	JUN	0.00	0.25	-10.7	-26.5	0.0	0.0	NEG.	0.0	0.4
	CITIZNS&SO RL	O-CZS	3829	-3.82	0.00	JUN	2.20	0.44	-17.0	-76.6	0.2	0.0	NEG.	-57.6	1.7
	CONT ILL RLY	N-CIR	2797	0.12	0.00	JUN	0.00	2.25	-14.4	0.0	0.0	0.0	1775.0	0.0	6.3
	FST COMMERCE	O-FCRNS	1008	11.19	0.00	JUN	0.00	5.25	-4.5	23.5	0.0	0.0	-53.1	0.0	5.3
	FST DENVR MI	O-FDENS	1621	0.76	0.00	JUN	0.00	2.00	-20.0	166.7	0.0	0.0	163.2	0.0	3.2
	FST PENN MT	N-FPM	2961	5.69	0.00	APR	0.00	1.75	0.0	-36.4	0.0	0.0	-69.2	0.0	5.2
	FST WISCON MT	O-FWMTS	1910	5.76	0.00	JUN	0.00	1.50	-33.3	0.0	0.0	0.0	-74.0	0.0	2.9
	INDEPEND MTG	O-IMTGS	2500	-3.91	0.00	JUN	0.10	0.75	56.3	97.4	0.0	0.0	NEG.	0.0	1.9
	MARYLAND RLY	O-MDRTS	760	8.16	0.00	AUG	0.20	3.38	0.0	58.7	16.9	0.0	-58.6	2.5	2.6
	TRI-SOUTH MI	O-TSI	2260	3.35	0.00	SEP	0.00	1.00	-20.0	-27.5	0.0	0.0	-70.1	0.0	2.3
	WACHOVIA RLY	N-WRI	3335	10.74	0.00	AUG	0.00	4.25	0.0	2.9	0.0	0.0	-60.4	0.0	14.2
GROUP AVERAGE			2214	2.10	0.00		0.87	2.02	-9.6	1.4	2.3	0.0	-4.0	41.5	63.3
SHORT-TERM-MISC FNCL															
	AMER CENTURY	N-ACT	2607	5.60	0.00	JUN	0.00	2.25	0.0	0.0	0.0	0.0	-59.8	0.0	5.9
	BENEF STD MI	N-BSM	1355	1.04	0.00	APR	0.00	1.38	-21.1	-35.2	0.0	0.0	32.7	0.0	1.9
	CI MTG GROUP	P-CI	4812	-1.00	0.00	JUL	0.00	0.81	62.0	-19.0	0.0	0.0	NEG.	0.0	3.9
	HANOVER SQ R	A-HSQ	946	10.73	0.00	MAY	0.00	4.75	-9.5	-5.0	0.0	0.0	-55.7	0.0	4.5
	IDS RLTY TR	N-IDR	2409	-17.91	0.00	APR	0.00	1.75	7.4	177.8	0.0	0.0	NEG.	0.0	4.2
	LMI INVSTORS	N-LWE	2009	4.06	0.00	JUN	0.64	1.75	-22.2	118.8	2.7	0.0	-56.9	15.8	3.5
	MTG TRUST AM	N-MT	3860	11.86	0.00	AUG	0.00	5.50	22.2	18.8	0.0	0.0	-53.6	0.0	21.2
	NATIONWID RE	O-NRELS	1047	24.08	0.16	JUN	0.16	6.50	-10.3	6.0	40.6	2.5	-73.0	0.7	6.8
GROUP AVERAGE			2381	4.81	0.02		0.10	3.09	-2.6	9.4	30.9	0.6	-35.8	2.1	51.9
INTERMEDIATE-TERM MORTGAGES															
	BARNET-WINST	O-BWITS	1663	-1.41	0.00	JUN	0.00	0.69	-14.8	81.6	0.0	0.0	NEG.	0.0	1.1
	DIVERSIFD MI	N-DMG	7327	5.68	0.00	JUN	0.17	1.63	8.7	8.7	9.6	0.0	-71.3	3.0	11.9
	FST NEWPORT	O-FNRIS	2339	4.89	0.00	JUL	1.16	1.25	-9.4	25.0	1.1	0.0	-74.4	23.7	2.9
	FST VIRGINIA	O-FVM	1208	1.18	0.00	MAR	0.00	0.50	-43.2	25.0	0.0	0.0	-57.6	0.0	0.6
	RLTY REFUND	A-RRF	1309	18.71	2.36	JUL	2.36	21.25	-3.4	8.3	9.0	11.1	13.6	12.6	27.8
	SECURITY MT	A-SMO	6487	6.07	0.00	JUN	0.06	2.63	-16.0	5.2	43.8	0.0	-56.7	1.0	17.1
GROUP AVERAGE			3389	5.85	0.39		0.63	4.66	-3.9	10.0	7.5	8.4	-20.4	10.7	61.4
LONG-TERM MTG & EQUITIES															
	ATLANTA NATL	O-ATNAS	1260	9.44	0.00	AUG	0.00	3.38	-9.9	125.3	0.0	0.0	-64.2	0.0	4.3
	BT MTG INVTR	N-BTM	2116	-2.80	0.00	JUN	0.00	2.25	-14.4	-10.0	0.0	0.0	NEG.	0.0	4.8
	CLEVELTRST RL	O-CTRIS	2525	10.52	0.00	JUN	0.00	3.13	-7.4	19.0	0.0	0.0	-70.2	0.0	7.9
	CON GEN M&R#	N-CGM	5715	19.25	1.60	SEP	1.35	19.75 X	-4.6	2.6	14.6	8.1	2.6	7.0	112.9
	COUSINS M&EQ	N-CUZ	3854	0.63	0.00	MAY	0.00	1.50	0.0	-25.0	0.0	0.0	138.1	0.0	5.8
	EQUIT LF MTG	N-EQ	5637	23.71	2.20	JUL	2.40	25.63 X	-0.3	-2.8	10.7	8.6	8.1	10.1	144.5
	FIDELCO GROW	A-FGI	1580	9.04	0.00	AUG	0.00	1.88	-6.0	-24.8	0.0	0.0	-79.2	0.0	3.0
	FST MEMPHIS	O-FMEMS	1156	3.88	0.00	AUG	0.00	2.00	0.0	22.7	0.0	0.0	-48.5	0.0	2.3
	GMR PROPERT	N-GMR	2210	3.51	0.00	AUG	0.00	2.00	-6.1	-11.1	0.0	0.0	-43.0	0.0	4.4
	HNC MTG&RLY	O-HNCMS	2388	4.19	0.00	JUL	0.09	1.25	10.6	25.0	13.9	0.0	-70.2	2.1	3.0
	HOSPITAL MTG	A-HMG	1178	22.74	0.60	SEP	0.60	9.00 X	-1.1	35.7	15.0	6.7	-60.4	2.6	10.6
	MASSMUT MTG	N-MML	4670	19.44	1.24	JUL	1.24	13.88	-3.5	-1.8	11.2	8.9	-28.6	6.4	64.8
	MONY MTG INV	N-MYM	8906	9.86	0.92	AUG	0.64	10.25 X	-4.7	-10.9	16.0	9.0	4.0	6.5	91.3
	MTG GROWTH I	A-MTG	2652	10.64	0.48	AUG	0.20	5.33 X	-4.3	-2.2	26.9	8.9	-49.4	1.9	14.3
	NOWSTRN FINC	O-NFINS	1510	14.30	0.00	JUN	0.00	5.88	6.9	113.8	0.0	0.0	-58.9	0.0	8.9
	NOWSTRN MUTL	N-NML	4758	18.99	1.00	SEP	0.75	11.25 X	-8.0	-15.9	15.0	8.9	-40.8	3.9	53.5
	PACIFIC STHN	O-PSMTS	800	11.92	0.60	SEP	0.64	6.75	-3.6	19.9	10.5	8.9	-43.4	5.4	5.4
	PNB MTG& RL#	N-PNI	2437	18.55	0.80	SEP	1.28	10.63	0.0	14.9	8.3	7.5	-42.7	6.9	25.9
	RAM PACIFIC	O-RPACS	1890	18.00	1.12	AUG	1.28	12.88 X	3.2	24.1	10.1	8.7	-28.4	7.1	24.3
	STATE MUTUAL	O-SMU	2786	-1.78	0.00	JUN	0.00	2.50	-9.1	81.2	0.0	0.0	NEG.	0.0	7.0
	UNITED RLTY	A-URT	3610	17.60	0.80	AUG	0.80	9.25 X	2.2	8.8	11.6	8.6	-47.4	4.5	33.4
GROUP AVERAGE			3030	11.51	0.54		0.54	7.64	-2.1	6.5	14.2	7.1	-33.6	4.7	632.3

## CONVERTIBLE DEBENTURES

DEBENTURE	EX	MAT	INT (%)	CONV AT	RECENT PRICE	YIELD (%)	% CHNG
AMER CENTURY	AS	'90	7.00	21.00	67.13	10.4	0.0
AMER CENTY'B	NY	'91	6.75	28.00	65.63	10.3	0.0
AMER REALTY	OC	'84	7.00	10.40	48.00	14.6	0.0
BAIRD&SWARNER	OC	'91	6.75	21.00	63.00	10.7	0.0
BANKAMERICA	OC	'90	6.75	21.00	83.00	8.1	1.2
BENEF STD MI	AS	'91	6.50	27.75	53.50	12.1	-7.1
CAPITAL MTG	OC	'91	6.50	33.00	41.00	15.9	-2.3
CHASE MANHTN	NY	'96	6.50	55.00	57.00	11.4	-28.9
COLWELL MTG	OC	'91	6.50	29.38	27.50	23.6	5.8
CONN GENERAL	NY	'96	6.00	32.50	74.50	8.1	-6.8
CONTINTL MTG	OC	'90	6.25	19.79	10.00	VJ	-23.0
EQUITBL LF M	NY	'90	6.75	26.25	96.00	7.0	0.0
FIDELITY MI	OC	'85	7.75	21.25	10.00	VJ	400.0
FIRST PENN M	OC	'91	6.75	26.00	47.00	14.4	0.0
FIRST UNION	NY	'91	7.00	13.00	93.00	7.5	-1.0
FRANKLIN RLY	AS	'89	7.00	10.00	76.75	9.1	-4.0
FST NEWPORT	OC	'91	6.75	27.50	42.00	16.1	2.4
GPT AMER MI	OC	'91	7.00	35.50	6.00	VJ	-24.9
HANOVER SQ R	AS	'92	7.25	21.00	70.50	10.3	-4.6
HEITMAN MTG	AS	'92	7.50	14.70	64.50	11.6	-0.3
HRG MTG	OC	'91	6.75	21.00	48.00	14.1	0.0
HOTEL INVSTR	OC	'90	7.75	21.00	80.00	9.7	1.3
HOTEL INVTRS	OC	'91	7.50	25.25	74.00	10.1	-1.2
LINCOLN MTG	OC	'90	8.00	11.00	51.00	15.7	5.2
MASSMUTL MTG	NY	'90	6.75	21.00	81.00	8.3	-2.9
MASSMUTUAL M	NY	'91	6.25	33.50	78.13	8.0	0.2
MIDLAND MTG	OC	'86	7.00	16.67	41.00	17.1	2.5
MONY MTG IN	NY	'90	7.00	11.00	94.25	7.4	-4.7
MTG INV WASH	OC	'90	8.00	15.00	57.00	14.0	3.6
NATIONAL MTG	OC	'91	7.00	12.00	8.00	87.5	14.3
NJB PRIME	OC	'91	6.75	21.00	15.00	45.0	-6.2
NOWSTRN MUTL	NY	'91	6.00	21.00	82.00	7.3	5.1
RAM PACIFIC	OC	'91	6.75	21.00	76.00	8.9	20.6
REALTY INCOM	AS	'91	8.00	18.00	86.50	9.2	1.2
REPUBLIC MI	NY	'90	9.00	19.00	86.13	10.4	0.7
SAUL (BF) RL	OC	'91	6.50	23.00	60.50	10.7	0.8
SAUL(BF) REI	OC	'90	8.00	15.50	72.00	11.1	0.0
STATE MUTUAL	OC	'91	6.75	21.00	68.00	9.9	36.0
SUTRO MIT	NY	'82	6.75	20.00	83.75	8.1	-0.2
SUTRO MTG	AS	'91	6.75	20.00	75.00	9.0	-2.5
TRI-SOUTH MI	OC	'92	7.00	29.50	26.00	26.9	-10.2
US BANCORP	AS	'92	7.00	26.25	75.75	9.2	0.0
US REALTY IN	NY	'89	5.75	20.20	62.25	9.2	3.8

## HOW TO USE COMPARATIVE TRUST STATISTICS

These data are designed to facilitate comparison of relative efficiency of real estate investment trust managements with available funds. Readers should note that historical data are used and thus no earnings or dividend projections or estimates are included. Investors are advised to consider carefully the following distinctive characteristics of REITs compared with other industrial or financial securities:

**Annualized Dividend and Yield:** Most REITs do not pay a posted quarterly dividend rate but instead pay their approximate earnings (or net cash flow, if appropriate) for the quarter. They follow this practice because REITs are required to pay at least 90% of earnings to shareholders in order to qualify for exemption from Federal income taxes. This practice means that dividends paid by most REITs will vary much more from quarter to quarter than industrial securities. This possibility for quarterly variations gives REIT shares higher risk because earnings do not provide a safety margin of coverage for the dividend as they do for industrial stocks. The outlook and stability of dividends are thus key factors in our RELATIVE APPEAL RANKINGS. The "Annualized Dividend" column is the latest quarterly payout annualized by multiplying by four, and adjusted for any capital gains or other special dividend payments. Special dividends, marked "S", are paid to maintain tax exemption but are not expected to be continued in subsequent quarters. Because of these possible variations, annualized dividends and yield are not to be considered in any way as posted or guaranteed yields.

**Annualized Earnings and Price/Earnings Ratio:** For mortgage trusts, latest quarter earnings are multiplied by four. Zeros indicate losses or no earnings for the quarter indicated. Losses per share are shown in RELATIVE APPEAL RANKINGS. For equity trusts, annualized net cash flow as calculated by Audit Investment Research, Inc. is used in place of earnings as the best single measure of results. Net cash flow is defined as net income plus depreciation minus mortgage amortization. The symbol "\$" indicates cash flow in the earnings column. For a few trusts, gross cash flow (i.e., net income plus depreciation) is used, denoted by "\$\*". Cash flow derived from amortization of debt discount is denoted by "\$@". The price/earnings ratio relates current price to the most appropriate earnings result. Both earnings (EPS) and net cash flow (CFS) per share for equity trusts for current periods are shown in RELATIVE APPEAL RANKINGS.

**Shares:** The number of shares outstanding, in thousands, is the number issued as of the latest balance sheet and is not adjusted for any potential conversion of debentures or exercise of warrants. Book value per share is essentially net tangible worth per share. The number does not reflect any changes in asset values through appreciation or abnormal depreciation of assets, nor any potential increase from possible conversion of debentures. Realized and estimated investment losses, as determined by management's provision for possible losses, are deducted from book value under AICPA rules. Audit also deducts intangible debt discount and expense costs from book value.

Trusts are grouped into nine categories under three major groupings to facilitate comparison. The category used for each trust is shown in RELATIVE APPEAL RANKINGS. Equity and combination groups include Equity trusts with over 80% of invested assets in direct ownership of completed income producing properties; Equity & Mortgage combination which balance investments between equity ownership and mortgages; and Subordinated Land trusts, investing primarily in ownership of land beneath income producing properties and leased to building operators.

Short-term mortgage groups invest primarily in mortgages under three years maturity, mainly construction, land development and other interim loans. They are grouped by sponsorship as follows: Mortgage banker; Independent; Commercial bank; and Miscellaneous financial institutions.

Intermediate & long-term mortgage groups are classed as intermediate-term for those whose predominant holdings mature in three to 10 years; and long-term for those with loans maturing in over 10 years, and generally with some equity investments.

## WARRANTS

NAME	EXCH/ SYMBO	EXP DATE	OUT (000)	EXER PRICE	NO. SH.	WTS PRICE	STK PRICE	CONV PREM	% CHG	MKT V (MILS)
AMER CENTURY	A-ACTW	6/78	897	23.00	1.0	0.03	2.25	923.6	-49.9	0.0
ATICO MTG IN	A-ACOW	12/79	563	15.00	1.0	0.13	2.13	610.3	-47.9	0.1
BARNES MTG	O-BARNW	12/82	1910	20.00	1.0	0.10	2.25	793.3	0.0	0.2
BENEF STD MT	A-BSMW	7/80	554	20.00	1.0	0.09	1.38	1355.8	-52.5	0.0
BRT RLY TR	A-BRTW	11/77	1400	10.00	1.0	0.03	0.69	1353.6	0.0	0.0
CAPITAL MTG	O-CMORW	11/79	471	20.00	1.0	0.03	0.81	2372.8	0.0	0.0
FIRST UNION	O-FUREW	12/77	600	12.75	1.0	0.13	12.50	3.0	-47.9	0.1
FLATLEY RLY	O-FLTW	5/78	1000	10.00	1.0	0.25	3.00	241.7	66.7	0.3
JMB REALTY	O-JMBRW	8/82	510	20.00	1.0	0.88	16.50	26.5	76.0	0.4
M&T MTG INV	O-MIMIZ	8/80	747	13.00	1.0	0.25	10.38	27.6	-34.1	0.2
MISSION INV	A-MITW	12/77	604	16.50	1.0	0.03	1.50	1002.0	50.0	0.0
MTG INV WASH	O-MINWV	3/80	931	15.00	1.0	0.19	2.75	452.4	0.0	0.2
NATIONWID RE	O-NRELW	1/81	652	32.00	1.0	0.03	6.50	392.8	-62.4	0.0
NORTH AM MTG	A-NAMW	3/79	710	31.13	1.0	0.13	3.75	733.6	-31.5	0.1
NOWSTRN FINC	O-NFINW	1/78	1510	18.06	1.1	0.10	5.88	208.7	0.0	0.2
PNB MTG&RLTY	A-PNIW	12/77	1220	20.00	1.0	0.06	10.63	88.7	100.0	0.1
REPUBLIC MI	A-RMIW	6/79	1064	20.00	1.0	0.06	1.63	1130.7	0.0	0.1
SAN FRAN REI	A-SFIW	12/80	1348	25.00	1.0	0.56	12.63	102.4	-18.7	0.8
SECURITY MT*	A-SHOW	5/79	3117	16.00	1.0	0.13	2.63	513.3	0.0	0.4
SUTRO MIT(B)	A-SUTW	6/82	700	20.00	1.0	0.56	8.75	135.0	-18.7	0.4
SUTRO MTG IN	O-SUTRS	4/78	299	22.00	1.0	0.03	8.75	151.8	-39.9	0.0
UNITED RLY	A-URTW	12/79	3610	20.00	1.0	0.19	9.25	118.3	-23.9	0.7

\*DEBENTURES USABLE IN LIEU OF CASH

CITIZENS & SOUTHERN REALTY 300,000 warrants exercisable through 11/15/77 at \$2.00.  
6 3/4% debentures usable at par.



## EARNINGS TRENDS: OPERATING LOSS WIDENS A BIT - Continued from Page 2

## NEW EARNINGS REPORTS

Trust-Period ending	—Latest qtr.—	—Per share—	—% Chng. from—
Quarterly results:	Th. \$	Prev. qtr.	Yr. ago
Atlanta Nat. RE—Aug.....	d522	d\$0.41	d\$0.50
Baird & Warner Mtg.—July.....	294a	0.28a	0.06
Bay Colony Prop.—Aug.....	d 35	d0.01	d0.36
C.I. Realty Inv.—Aug.....	d327	d0.13	d0.14
Citizens & So. Rlty.—June.....	8,440b	2.20b	1.06b
Citizens Mtg. Inv.—June.....	d938	d0.66	d1.11
Conn. Gen. Mtg.—Sept.....	2,269	0.39	0.46
Dominion Mtg. & Rl.—May.....	d2,644b	d4.14b	d1.63
Fidelity Mtg. Inv.—July.....	1,288b	0.42b	0.33b
Federal Realty Inv.—Sept.....	373	0.27	0.29
First Memphis Rlty.—Aug.....	d214	d0.19	d0.25
First Mtg. Inv.—July.....	1,460b	0.16b	1.30b
Flatley Realty Inv.—June.....	35e	0.04e	d0.03
Franklin Realty & Mtg.—June.....	75	0.08	d0.10
GMR Properties—Aug.....	d406	d0.18	d0.48
Guardian Mtg. Inv.—Aug.....	d2,588b	d0.86b	0.31b
Hospital Mtg. Group—Aug.....	173	0.15	0.11
Hotel Investors—Aug.....	426a	0.28a	0.32
ICM Realty—Aug.....	441	0.15	0.10
Independence Mtg. Tr.—June.....	252ab	0.10ab	d0.08
Investors Rlty. Tr.—Aug.....	d228	d0.14	d0.01
Justice Mtg. Inv.—June.....	1,274b	1.08b	2.63b
Lomas & Nettleton Mtg.—Sept.....	1,476	0.40	0.35
M&T Mtg. Inv.—Aug.....	406	0.27	0.27
Maryland Realty Tr.—Aug.....	42	0.05	0.05
Midland Mtg. Inv.—Sept.....	d580b	d0.24b	d1.05
Miller (Henry S.) Rlty.—Aug.....	82	0.15	0.16
Mission Inv. Trust—Aug.....	d 84	d0.05	d0.09
National Mtg. Fund—Aug.....	112b	0.03b	d0.09
NW Mut. Life Mtg.—Sept.....	1,449	0.30	0.22
Pacific-So. Mtg. Tr.—Sept.....	137	0.16	0.13
PNB Mtg. & Rlty.—Sept.....	701	0.29	0.22
San Francisco RE—Sept.....	142	0.10	0.13
Sutro Mtg. Inv. Tr.—Sept.....	735a	0.32a	0.19a
Tri-South Mtg. Inv.—Sept.....	d1,473	d0.65	0.69
U.S. Bancorp R&H—Aug.....	35	0.04	0.19
UMET Trust—Aug.....	d778a	d0.37a	d0.83
United Realty Tr.—Aug.....	716	0.20	0.19
Wachovia Realty Inv.—Aug.....	d594	d0.18	d0.24
Walter Realty Inv.—July.....	d1,753	d1.70	d0.31
Wells Fargo Mtg.—Sept.....	1,204	0.31	0.28
Western Mtg. Inv.—Aug.....	827a	0.82a	0.00
Annual results:			
Atlanta National RE—Aug.....	d1,908	d1.51	—
Baird & Warner Mtg.—July.....	396c	0.38c	—
Dominion Mtg. & Rlty.—May.....	d5,462c	d8.55c	—
Franklin Realty & Mtg.—June.....	d278	d0.28	—
Flatley Realty Inv.—June.....	316c	0.32c	—
Hotel Investors—Aug.....	1,849c	1.20c	—
Independence Mtg. Tr.—June.....	d 65	d0.03c	—
M&T Mtg. Inv.—Aug.....	1,598	1.08	—
National Mtg. Fund—Feb.....	4,613c	1.91c	—
PNB Mtg. & Rlty.—Sept.....	1,872	0.77	—
Wachovia Rlty. Inv.—Aug.....	d3,493	d1.05	—
Walter Realty Inv.—July.....	d3,691	d3.57	—

UC—Unchanged. NM—Not meaningful. Where loss reported in one or both quarters, change in direction is shown as "Better" or "Worse." r—Restated. d—Loss.

a—Quarterly results per share include these capital gains on sale of assets:

Baird & Warner: \$341,000 or 33c/sh. in July 1977 quarter & year.  
 Hotel Inv.: \$393,000 gain & \$422,000 charge from property refinancing, equal to 25c and 27c/sh. respectively, in Aug. quarter and year.  
 Independence MT: \$370,000 or 15c/sh. in June 1977 quarter and year.  
 Sutro Mtg.: \$285,000 or 12c/sh. interest recovery in Sept. '77; 18c/sh. capital gain in June 1977 qtr.

UMET Trust: \$271,000 or 13c/sh. capital gain on asset sale in latest qtr.

b—Quarterly results per share include gains on asset swaps or debt restructuring:

Cit. & So.: \$21.46 million, or \$5.60/sh. on undiluted shares, in June 1977 qtr.; \$3.55/sh. gain in prev. qtr. and 32c/sh. loss on swaps in year-ago qtr.  
 Dominion Mtg.: \$1.875 million write-off of debt discount in latest qtr. and May 1977 yr., equal to \$2.93/sh.

Fidelity Mtg.: Credit from net operating loss use of \$652,000 or 21c/sh. in latest qtr., and of 16c/sh. in prev. qtr.

First Mtg.: \$2.86 million swap gain and credit from net operating loss, or 33c/sh., in latest qtr.; \$1.44/sh. in prev. qtr. and 34c/sh. in year-ago qtr.  
 Guardian Mtg.: \$1.05 million or 35c/sh. in Aug. '77 qtr.; \$1.27/sh. and 45c/sh. in previous and year-ago qtrs. respectively.

Independence Mtg.: \$250,000 or 10c/sh. gain on swaps in June 1977 qtr.

Justice Mtg.: \$1.919 million or \$1.62/sh. in June '77 qtr.; \$4.06/sh. and 81c/sh. in previous and year-ago quarters respectively.

Midland Mtg.: \$3.43 million or \$1.44/sh. in Sept. qtr.; 83c/sh. in previous qtr. and 2c/sh. gain on debt retirement in year-ago qtr.

c—Annual results per share include:

Baird & Warner: \$341,000 or 33c/sh. capital gain in FY 1977.

Dominion Mtg. and Hotel Inv.: See Note a, above.

Independence Mtg.: \$462,000 or 18c/sh. gain on asset swaps in FY 1977; 54c in FY '76.  
 National Mtg.: \$7.78 million or \$3.23/sh. in 1977 and \$6.08 million or \$2.58/sh. in 1976 from debt retirement, asset swaps and debt restructuring in Ch. XI.

e—Charge of \$47,000 or 5c/sh. in June quarter and year for Flatley Realty Inv. from reversal of credit arising from forgiveness of mortgage interest.

x—In Chapter XI bankruptcy.

The bulk of swap gains were reported by five trusts: Citizens & Southern Rlty. booked \$21.5 million gains on swaps in its June quarter to swing into the black by \$8.4 million. This equals \$2.20/sh. on 3.83 million shares outstanding (see table) but was reported as equal to 12c/sh. by the trust on the estimated 36.0 million shares estimated to be outstanding if \$30 million of 6-3/4% debentures are used to exercise warrants at the average share price during the June quarter. However the trust has said the warrants will be exercisable at \$2/sh., or an estimated additional 15 million shares. There's doubt any substantial number of warrants would be exercised at the \$2 price (current quote is 44c) before the Nov. 15 exercise deadline and we hear so much grumbling about the trust's failure to use the price formula stated in the warrants (i.e., 80% of average share price in the 10 trading days before Oct. 15) that litigation has to be rated a good possibility. See REALTY TRUST REVIEW Oct. 14 for earlier details.

Other large swap gains were reported by Midland Mtg. Inv., of \$3.43 million or \$1.44/sh. in the Sept. quarter; \$2.9 million or \$33c/sh. for First Mtg. Inv. in its July quarter; \$1.9 million or \$1.62/sh. by Justice Mtg. Inv. in its June quarter; and \$1.0 million or 35c/sh. by Guardian Mtg. in the August quarter. But big swap gains are running out as banks become less willing to deal at anything over estimated net realizable value (i.e., after reserves) for most trusts. Thus swap gains can be expected to diminish in coming quarters. This will place more emphasis upon comprehensive workout plans. Guardian, for instance, says it hopes to have a proposal for restructuring both defaulted bank senior and public subordinated debt by Nov. 30.

Meantime several deeply troubled trusts are reporting profits. Fidelity Mtg., operating in Ch. XI since Jan.

1975, has reported growing profits in recent quarters, aided by use of a net operating loss carryforward (NOL) and absence of any interest on its debt. National Mtg., now discharged from Ch. XI, likewise had a small profit from swaps; it too is paying no interest on bank debt. Dominion Mtg., newly filed in Ch. XI, wrote off \$1.88 million, or \$2.93/sh., of deferred debenture discount in its May quarter to widen an operating loss.

Among healthy mortgage trusts, Connecticut General Mtg. & Rlty. earnings under general accounting principles were 39¢/sh. in the Sept. quarter, down 15% from the previous quarter but up 34% over 1976. Results included 8¢/sh. nonrecurring items including 7¢/sh. gain on sale of an apartment-shopping center complex. Distributable funds, or cash flow as defined by the trust, were 50¢/sh. in the quarter, up from 39¢/sh. in 1976. The trust committed \$5.3 million to buy an existing neighborhood shopping center and for 50% interests in partnerships building a new neighborhood center and owning an existing garden apartment. Northwestern Mutual Life Mtg. boosted Sept. quarter earnings to 30¢/sh., up 36% from the prior quarter, but results included 15¢/sh. capital gains from sale of two properties. The dividend was held at 25¢/sh.; shares hit a new 1977 low in apparent disappointment. The trust placed \$25 million in intermediate-term financing at 8-3/4% through Dec. 31, 1980 and 117% of the prime rate thereafter till maturity Dec. 31, 1982. Funds will be used to reduce short-term borrowing and help insulate the trust from rising short-term interest rates.

Equitable Life Mtg. & Rlty. also battened down against rising interest rates by placing \$15 million notes with institutional investors. The notes carry interest from 7½% to 8½% and mature from 1980 to 1982. Wells Fargo Mtg. continued its earnings recovery, boosting Sept. net 11% over the previous quarter; net included 10¢/sh. from gain on sale of real estate. Lomas & Nettleton Mtg. also raised its Sept. net, to 40¢/sh. for a 14% gain from the June quarter. Continuing their recoveries were United Realty, up 5% from the prior quarter to 20¢/sh. after 4¢/sh. to its loss reserve; Hospital Mtg., up 36% from the previous quarter. M&T Mtg. continued to report steady earnings of 27¢/sh. after adding 6¢/sh. to the loss reserve. Baird & Warner Mtg. earned 28¢/sh. in its July fiscal year-end quarter after a 33¢/sh. gain on sale of land beneath Lincoln Park Tower, 32-story Chicago apartment. Four investments totaling \$4.7 million were sold or repaid in the year, resulting in recovery of 20¢/sh. deferred interest.

Among equity trusts, Hotel Investors reported Aug. quarter operating income of 30¢/sh. but both a special charge and credit reduced net to 28¢/sh. San Francisco Real Estate earnings fell 23% from 1976, when a 10¢/sh. capital gain was reported; funds available for distribution, a modified cash flow calculated by the trust, rose to 18¢/sh. from 13¢. Federal Realty income fell a bit but the dividend was held. Investors Realty's loss widened to 14¢/sh., largely from changes in its method of accruing property expenses; shares prices declined on the news. The trust has agreed to sell its large Parc Fontaine apartments in New Orleans. C.I. Realty Inv. widened its loss to 13¢/sh. in the Aug. quarter from a 7¢/sh. loss in 1976; the year-ago period benefitted from a nonrecurring fee of 11¢/sh. while the latest period had 8¢/sh. property tax refund. Leasing is substantially completed at 485 Lexington office in Manhattan and permanent financing is being sought.

Recovery continued at some former mortgage trusts. UMET Trust cut its losses to 37¢/sh. in the August quarter, aided by a 13¢/sh. capital gain, from much larger losses in previous quarters. The loss is after accruing interest on bank debt at 130% of the prime rate; UMET stands a chance of winning about \$4-\$4.50/sh. interest forgiveness if it can repay \$28 million to banks by 1979. Shares have risen sharply as recovery becomes clearer and chances of winning this bonus rise. Wachovia Realty and GMR Properties (formerly Gulf Mtg.) both reduced their losses, GMR because it made no new additions to its loss reserve.